



September 25, 2009

Mr. Terrence L. Cobb, CBO  
Director  
Department of Codes and Building Safety  
Metropolitan Government of Nashville and Davidson County  
800 Second Avenue South  
Nashville, TN 37210

Dear Mr. Cobb:

At your request, we have completed an analysis of costs and revenues and service utilization measurements for all permitting, licensing, and plan review activities provided by the Department of Codes and Building Safety (Codes). MAXIMUS conducted a detailed cost of service analysis for services provided to the private sector by Codes as well as the additional cost of those services provided by other Metro departments. The scope of work included the following:

- ☐ Identifying all services provided by the department for which charging fees for services is appropriate.
- ☐ Identifying opportunities for increased revenues by reducing subsidies for services for which charges are currently levied.
- ☐ Identifying opportunities for increased revenues for services for which charges are not currently levied, but for which charges are appropriate.
- ☐ Recommending user fees as appropriate based on the cost of services provided.
- ☐ Providing documentation to substantiate fee recommendations.

The following table is a summary of the results from the cost study:

**Metro Fee Related Codes Cost-Revenue Summary  
(All Costs and Revenues in Dollars)**

Division and Fees	Projected FY09 Total Costs	Projected FY09 Total Revenues	Projected FY09 Surplus (Subsidy)	Recommended Percent Fee Increase	Additional Revenue At Recommended Fee Increase
<b>Building</b>					
Building Permit (1)	\$ 3,816,981	\$ 3,307,931	\$ (509,050)	15.39%	509,050
Building Appeal	\$ 37,337	\$ 8,450	\$ (28,887)	341.86%	28,887
Re-Inspection	\$ 24,687	\$ 20,190	\$ (4,497)	22.27%	4,497
<b>Plans Examination</b>					
Plan Review (1)	\$ 1,338,516	\$ 600,001	\$ (738,515)	123.09%	738,515
<b>Zoning</b>					
Moving of Buildings or Structures	\$ 38	\$ 750	\$ 712		
Trailers or Mobile Homes	\$ 41	\$ 100	\$ 59		
Building Use & Occupancy	\$ 14,572	\$ 34,550	\$ 19,978		
Building Permit Data (per list)	\$ 659	\$ 1,200	\$ 541		
Blasting (6 and 12 Months)	\$ 136,546	\$ 1,950	\$ (134,596)	6902.36%	134,596
Arborist License	\$ 292	\$ 200	\$ (92)	46.00%	92
Tree Removal Permit	\$ 744	\$ 610	\$ (134)	21.97%	134
Special Exceptions & Variance	\$ 225,451	\$ 40,000	\$ (185,451)	463.63%	185,451
<b>Electrical</b>					
Electrical Permit	\$ 1,241,236	\$ 986,483	\$ (254,753)	25.82%	254,753
Re-Inspection	\$ 71,725	\$ 47,520	\$ (24,205)	50.94%	24,205
<b>Plumbing</b>					
Plumbing Permit	\$ 713,350	\$ 462,660	\$ (250,690)	54.18%	250,690
Re-Inspection	\$ 20,491	\$ 17,340	\$ (3,151)	18.17%	3,151
<b>Gas/Mechanical</b>					
Gas/Mechanical Permit	\$ 816,629	\$ 512,310	\$ (304,319)	59.40%	304,319
Re-Inspection	\$ 64,319	\$ 42,690	\$ (21,629)	50.67%	21,629
<b>Property Standards</b>					
Admin. Fee-Demolition	\$ 10,134	\$ 3,920	\$ (6,214)	158.52%	6,214
Landlord Registration (2)	\$ 172,507	\$ 32,000	\$ (140,507)		Not applicable
FHA/VA Inspection	\$ 834	\$ 500	\$ (334)	66.80%	334
Demolition Appeal	\$ 464	\$ 50	\$ (414)	828.00%	414
<b>Administration Support</b>					
Plumbing Contractor License	\$ 23,181	\$ 55,701	\$ 32,520		
Electrical Contractor License	\$ 23,040	\$ 94,901	\$ 71,861		
Gas/Mechanical Contractor License	\$ 12,442	\$ 58,451	\$ 46,009		
Plumbing Appeal	\$ 8,906	\$ 1,300	\$ (7,606)	585.08%	7,606
Electrical Appeal	\$ 685	\$ 100	\$ (585)	585.00%	585
Gas/Mechanical Appeal	\$ 3,768	\$ 550	\$ (3,218)	585.09%	3,218
<b>Sexually Oriented Business Lic. Brd. (3)</b>					
License-Establishment	\$ 1,826	\$ 5,000	\$ 3,174		Not applicable
License-Performer	\$ 47,989	\$ 37,000	\$ (10,989)		Not applicable
After Hours Permit	\$ 1,844	\$ 1,600	\$ (244)		Not applicable
<b>Total</b>	<b>\$ 8,831,234</b>	<b>\$ 6,376,008</b>	<b>\$ (2,455,226)</b>		<b>\$ 2,478,340</b>

(1) Valuation based fee schedule.

(2) Fee set by the State of Tennessee.

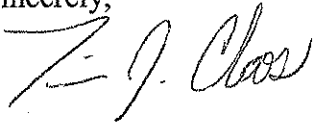
(3) Fees set by the Metro SOBL Board.

The preceding table indicates that Codes could potentially recover an additional \$2,478,340 in revenue by increasing fees as recommended in this study.

The findings and conclusions contained in this letter reflect the analysis of information as provided by Codes staff. We have no obligation, unless subsequently engaged, to update this letter or revise this analysis as presented due to events or conditions occurring after the date of this letter.

We look forward to the opportunity to provide you with management consulting services again in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "T. J. Cloos".

Timothy J. Cloos, Director  
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